

Air Transport

Air transport system is determined by international airports

in Prague, Brno, Ostrava and Karlovy Vary with Prague holding the dominant position. These airports are administrated by the Czech Airport Authority (CAA). Currently, CAA is 100 percent owned by the state.

The total number of airplane movements over the Czech Republic has risen 70 percent since 1993. These movements totaled 230,741 in 1997. In 1993, a new radar system EUROCAT 200 from French Thomson was implemented. The main result of the upgrading has been the higher safety of air transport and better permeability of the Czech Republic's air space.

Air transport development is aimed at Praha Ruzyne Airport. Prague Airport provides over 94 percent of passenger transport and over 84 percent of cargo transport. New terminal- Pier A - was open in June 1997, thus increasing the airport capacity for 5 million passengers. The second step is an extension of the second terminal - Pier B. The capacity of terminal building will be then increased for handling 6.4 million passengers per year. Cost of these projects total 20 million USD.

The mid term plan for the development of Prague Ruzyne Airport:

- prolongation of Pier B by the year 2003
- construction of the third terminal - Pier C - by the year 2005
- construction of speed train connection between the Airport and downtown Prague to be open in 2005

A new cargo terminal opened in 1998 has a capacity of 100,000 tons per year. The project was financed by Ogden Aviation, USA and it is operated by a joint venture company Czech Ogden Airhandling. The company has signed a 25 year lease with CAA for the site close to Pier A. The cargo terminal can simultaneously operate three B737 or a B747F plus a narrow body jet.

Statistical Data

Statistical data are virtually unobtainable. It is extremely difficult to estimate market size or sales of goods and services. The following statistics were obtained by compiling information from a variety of sources including discussions with specialists from consulting and engineering companies and ministry's officials, and should be considered rough estimates.

	1999	2000	2001
(million USD)			
Total market	600	1,000	1,300
Domestic production	550	900	1,100
Import	45	100	200
Export	5	0	0
U.S. import	5	8	17

Inflation rate:	1999	2000 (projected)
	2.6%	5%

Exchange rate: 1 USD equals 34 CK (approximately)

Financing

Financing comes from the state budget and from loans guaranteed by the state. Long-term loan agreements were signed with the European Investment Bank (EIB), EBRD, Ex-Im Bank of Japan, and German Credit Bank.

Some activities, such as construction of speed train connection from Ruzyne Airport to downtown Prague, and/or modernization of four railway corridors will be/are partly financed from EU PHARE funds. These funds are non-returnable.

Highway construction is significantly financed by the European Investment Bank (EIB). In October 1999, EIB signed two additional loans with Konsolidacni banka. Money will be allocated as follows:

- 100 million USD for improvement of several parts of E-roads, such as elimination of bottlenecks, surface improvements, enlargement of road capacity

- 95 million USD for renovation of prioritized parts of the Czech road and freeway system.

Loans were granted under EIB standard conditions for the period of 15-20 years.

With above mentioned loans, EIB loans into transportation system totaled 1 billion USD. 700 million USD were allocated into road system upgrading, while 400 million USD into upgrading of main international motorways.

Based on EU recommendation, the Government has decided to establish a Transport Fund. In the future, the transport infrastructure development will be financed through this fund and will be independent on the state budget. Simply said, the fund will guarantee that transport will spend money earned by its own activities. EU funds and money originating from privatization will be additional financial sources that will be allocated in the Transport Fund. The proposal is currently discussed in the Parliament. It is expected that the Transport Fund will fully function in June 2000.

Firms may opt for commercial financing through the following institutions, which have correspondent U.S. banking arrangements:

Citibank, a.s.
William Rocca, Corporate Finance
Evropska 178
166 40 Praha 6
Tel: 420-2-2430-4380
Fax: 420-2-2430-4383

Ceskoslovenska obchodni banka
Vlastislav Navratil, Director
Corporate Banking Department
Panska 9
115 20 Praha 1
Tel: 420-2-6135-3142
Fax: 420-2-2423-0328

Komerčni banka
Ms. Olga Cudova, International Financing

Vaclavske nam. 1
110 00 Praha 1
Tel: 420-2-2421-9167, -2119-2410
Fax: 420-2-2423-0777, -2424-3020

Zivnostenska banka
Mr. Johann Hombach, Project Financing
Na prikope 20
113 80 Praha 1
Tel: 420-2-2412-7002
Fax: 420-2-2412-7223

COMPETITIVE SITUATION

It is not anticipated that foreign companies, including U.S., will make many inroads into large construction and infrastructure projects. Local companies dominate because of availability of local raw materials. However, U.S. companies should do well in providing high technology, security and computer technology products and services.

Domestic Production

Local companies prevail in supplying the substantial volume of designing, engineering, and construction works. In addition, they dominate the market with appropriate products and equipment.